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CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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COUNTRY	Burma/China/USSR	REPORT NO.	<input type="text"/>	25X1
SUBJECT	Burmese Trade Agreement with Communist China and the Soviet Union	DATE DISTR.	14 January 1954	
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BY CABLE

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(FOR KEY SEE REVERSE)

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1. The main items involved in the proposed trade agreement¹ between Communist China and Burma are rice and coal. The value of Burmese rice to be shipped to China exceeds the value of Chinese coal to be shipped to Burma.
2. The difference will be made up as follows: China will ship to the USSR Chinese products equal in value to the excess of Burmese rice over Chinese coal; the USSR will then ship Burma unspecified Soviet products equal in value to the excess of Burmese rice over Chinese coal.
3. The Government of Burma has asked the Indian Government for permission to transship the Burma/China/USSR products through Calcutta. The plan is for rice to go from Calcutta to the Tibet border by rail, then overland to China.² Chinese coal is to reach Burma by the reverse route

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25X1 Comment. Coal is one of the main, if not the main, items in Burma/Indian trade. If the pact goes through, it will result in a further strain on Burmese-Indian relations. The only thing holding up completion of the pact is shipping.

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Transshipment of goods through India would avoid shipping difficulties by sea.

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[] Comment. On 8 January 1954 Paris radio reported that the Burmese Government had submitted drafts of trade agreements to the Soviet and Chinese Communist Governments involving the exchange of Soviet capital goods and Chinese coal for Burmese rice. Official quarters had refused to confirm the information, but admitted that an exchange of views on possible trade agreements was taking place among Burma, Communist China, and the Soviet Union. []

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[] Comment. The New Times of Burma reported from Peiping on 11 January that the Chinese were working to complete the China-Tibet highway. It is questionable whether transport facilities in Tibet are adequate to carry rice and coal of any volume.

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[] Comment. []
[] the China-Tibet highway will not be serviceable before 1955. Transport between India and Tibet is difficult and costly. There is no rail transport beyond Darjeeling. [] 2,000 tons of rice were shipped by the Chinese Communists via Calcutta and Kalimpong (near Darjeeling) to Tibet. []

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[] P'uerh tea was being shipped from Rangoon to Tibet via Calcutta and Darjeeling.

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[] Comment. The shipment of Chinese coal to Burma via Tibet is extremely doubtful. Coal shipments from Ch'inhuangtao (N 39-57, E 119-35) to Chittagong, Pakistan, have been in progress since the summer of 1953. There is no reason to believe that the Chinese would change to the more expensive and difficult route of shipping coal through Tibet.

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